

procedure is not administered by the State as a central agency.

The State Department of Assessments and Taxation, it is true, employs the Chief Supervisor of Assessments of Baltimore City and the 23 counties, but other than this and certain guidelines which it can produce, it does not have the complete control of procedures.

This provision would, as you will see, require that this shall be done. The second sentence of the provision has a different thrust. It says state funds distributed to political subdivisions on the basis of assessments of property shall be determined by equal honest assessments between such subdivisions as may be provided by law.

As you all know or certainly the great majority of you know, the State distributes grants in aid to Baltimore City, and the 23 counties, in some instances on the basis of land value.

Put it differently. The attempt has been made and has been made in this State since 1924 to gauge certain grants in aid on an ability to pay basis. This means that the richer counties in effect seek to help the poor counties.

The first step in this particular type of proposal was in the educational field where the equalization fund was worked so that poor counties would receive greater amounts of money from the State than richer counties, in order to insure the fact that every child in the State would at least have a modicum of equal educational opportunities.

However, because of the unequal assessment procedures this method, laudable as it was, proved to be a raid on the state treasury.

Again in the health field funds were distributed for many years on the basis of catch as catch can. The sum total of all this history was brought together in 1956 when for the first time state monies were distributed to local political subdivisions in the health field on the basis of an equalizing formula.

Subsequently an attempt was made to do this with respect to the educational field and this is true today. What the Committee's proposal is or comes to is this, that all state monies which are distributed on the basis of assessments should be distributed on the basis of equalized assessments, so that nobody can gain by underassessment, no small county or large, for that matter, can gain an advantage through not following the law.

This means in substance that a board perhaps, or maybe the State Department of Assessments and Taxation will devise methods of equalizing assessments. These methods are varied and many and I am not going to take the time of the Committee of the Whole to describe the mathematical combinations which go into the calculations looking toward an ultimate equalization of assessments.

Suffice it to say that this provision now will mandate that this very desirable provision will become part of the basic law which it is not today.

The final provision, section 8.02-2 deals with exemptions. Here again, a little history is in order.

When we were attempting to draft the provision relating to the equalization of assessments, it was recognized of course that the assessment is only one facet of the tax gathering procedure. The other and perhaps as important is the facet of exemptions.

It might surprise you to know in this State today there are over sixty different kinds of exemptions from property taxes. They vary from county to county throughout the State.

Now, every time an exemption is passed, whether it be passed because of good will or political motivations, it in effect erodes the tax base. This has been felt to be an improper procedure for many years, and the Committee's report seeks to meet it by saying that the exemptions shall be uniform.

But unfortunately, we have not been able to go as far as we would like to go, because you will notice that it deals with exemptions from state taxes only. This applies of course to the state property tax, it applies to any other state tax, sales or income tax, and in that regard we think it is a salutary provision.

It does not apply, unfortunately, to taxes imposed by local political subdivisions. The reason for this is there is such a variety of exemptions in the state today vis-a-vis one another that we were informed by the fiscal experts of the state that many millions of dollars would be affected and dislocation of local political subdivisions' economy if they were required to equalize exemptions.

One example in point might be the fact that in Baltimore County the inventory of manufacturers is not exempt from tax, while it is in Baltimore City.